

- 1 **Q. NP has referenced the System Average Interruption Duration Index (SAIDI)**  
 2 **and the System Average Interruption Frequency Index (SAIFI) of which the**  
 3 **2020 Midgard report states at page 51: "Renewal spending trends can be**  
 4 **compared against customer service reliability results, such as industry**  
 5 **standard metrics like... ("SAIDI") and ... ("SAIFI") to assess if the level of**  
 6 **spending is adequate to achieve the desired reliability performance." and at**  
 7 **page 52 "If a utility's SAIFI trends showed that its average frequency of**  
 8 **customer outages was materially worse than that of its peers and that a**  
 9 **primary cause was failure of aging poletop transformers, the utility could**  
 10 **argue for increasing Renewal investments in poletop transformer**  
 11 **replacements to mitigate the problem."**
- 12 **a) If NP's SAIDI and SAIFI performance trends exceed Canadian averages,**  
 13 **how can NP justify expenditure expansion in this application and in future**  
 14 **applications?**
- 15 **b) Has NP informed the Board how SAIDI and SAIFI are relevant in the**  
 16 **regulatory process if capital budget applications continue to expand**  
 17 **despite the fact that SAIDI and SAIFI trends and averages are well above**  
 18 **the Canadian average?**
- 19 **c) How are SAIDI and SAIFI considered in the regulatory process if the PUB**  
 20 **makes no reference as to how these industry standards have been applied**  
 21 **in capital budget decisions?**
- 22 **d) If NP's proposed spending is not based on a deterioration in its SAIFI and**  
 23 **SAIDI relative to recent years' values or relative to other utilities' index**  
 24 **values then why shouldn't the Board accept this as evidence that the level**  
 25 **of spending and proposed spending is unnecessarily high?**
- 26
- 27 **A. a) Refer to Newfoundland Power's 2025 Capital Budget Application, 2025 Capital**  
 28 **Budget Overview, Figures 1, 2, 3 and 4. Newfoundland Power's SAIFI does not**  
 29 **exceed the Canadian average. Over the past decade, Newfoundland Power's average**  
 30 **frequency of customer outages has been consistent with the Canadian average while**  
 31 **the average duration of customer outages is approximately 40% better than the**  
 32 **Canadian average.**
- 33
- 34 Refer to Newfoundland Power's 2025 Capital Budget Application, 2025-2029 Capital  
 35 Plan (the "Capital Plan"). Newfoundland Power's Capital Plan reflects Newfoundland  
 36 Power's focus on maintaining current levels of service reliability as its assets age.  
 37 This includes an increased focus on the planned refurbishment of assets to extend  
 38 their useful service lives and the replacement of assets that become deteriorated or  
 39 fail in service. The refurbishment and replacement of existing assets is forecast to  
 40 account for an average of approximately \$98 million of annual capital expenditures  
 41 from 2025 to 2029, or 60% of total annual expenditures.<sup>1</sup>
- 42
- 43 Expenditures included in the Capital Plan also reflect the requirement to connect new  
 44 customers and respond to system growth. Access and System Growth investments  
 45 are forecast to account for approximately 20% of annual capital expenditures over

<sup>1</sup> See Newfoundland Power's 2025 Capital Budget Application, 2025-2029 Capital Plan, page 14.

1 the forecast period.<sup>2</sup> Mandatory, General Plant and Service Enhancement  
2 investments comprise the remaining 20% of the expenditures forecast in the capital  
3 plan. A large proportion of these investments are for Information Systems which are  
4 critical in an era of increasing cybersecurity threats.  
5

6 All of the expenditures included in Newfoundland Power's 2025-2029 Capital Plan are  
7 necessary for Newfoundland Power to be able to maintain reliable and  
8 environmentally responsible service in a manner that is least cost for customers.  
9

10 b) See part a). In Newfoundland Power's view, its SAIDI and SAIFI trends and averages  
11 are not "well above" the Canadian average. Newfoundland Power's SAIFI does not  
12 exceed the Canadian average. In the Board's Response to the Consumer Advocate's  
13 Request for a Technical Conference dated September 26, 2024, the Board observed,  
14 "Issue 3 concerning the application of SAIDI/SAIFI by Newfoundland Power has  
15 been the subject of several Requests for Information ("RFIs") to date, including the  
16 2025/2026 GRA, the present Application, and in capital budget applications in recent  
17 years."  
18

19 c) The statement that "the PUB makes no reference as to how these industry standards  
20 have been applied in capital budget decisions..." is without merit. In Board Order  
21 P.U. 2 (2024) Reasons for Decision, the Board stated:  
22

23 *The Board accepts that Newfoundland Power is focused on maintaining*  
24 *current levels of overall service reliability for its customers at the lowest*  
25 *possible cost and notes that the frequency and duration of customer*  
26 *outages has been reasonably stable over the last decade under normal*  
27 *operating conditions. The Board accepts that Newfoundland Power uses a*  
28 *variety of measures to try to ensure that proposed expenditures are*  
29 *consistent with the least-cost delivery of reliable service, including*  
30 *deferring projects when possible, targeting expenditures in areas that will*  
31 *provide the most benefits for customers and coordinating where possible*  
32 *to realize productivity gains and other cost benefits.*<sup>3</sup>  
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34 d) See part a).

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<sup>2</sup> See Newfoundland Power's 2025 Capital Budget Application, 2025-2029 Capital Plan, page 15.

<sup>3</sup> See Order No. P.U. 2 (2024) Reasons for Decision, page 17, lines 11-19.